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SUBJECT: YUSHCHENKO WELL RECEIVED IN TORONTO

Sensitive but unclassified - protect accordingly.

11. (U) SUMMARY: Ukrainian President Victor Yushchenko concluded a three day trip to Canada with business meetings and a speech to the prominent Economic Club of Toronto. Yushchenko's speech was well-received, even though it was heavy on themes and short on specifics. Several hundred people were in attendance, a mix of the Ukrainian expatriate community (which numbers approximately one million in Canada) and Canadian business executives interested in investment opportunities in the former Soviet country. Yushchenko painted a broad picture of his country, focusing on the need to assert its independence and ties with the West through eventual NATO and, further down the road, EU membership. While the 30 minute talk was heavy on political background, the president also touched on the need for increasing economic liberalization and stable energy supplies. END SUMMARY.

12. (U) Yushchenko began by stressing the ties between Canada and Ukraine and commented that in order to increase ties between the two countries, he would like to see the visa regime abolished for most categories of Canadians seeking to visit, study, or do business in Ukraine. He painted a clear picture of the westward gaze of Ukraine under his leadership, including highlighting the distinct possibility of his country gaining associative relations with the EU during France's 2008 EU presidency and an impending free trade agreement with the EU. He particularly noted Canada's support for Ukraine's NATO membership bid, calling membership essential to both the territorial integrity and sovereignty of his country. Asserting the logical connection between common values and a common defense, he said NATO membership would be the path towards guaranteeing Ukraine's independence - an independence he said had been declared six times in the past century and lost five times. He acknowledged that NATO membership is not favored by a majority of Ukrainians, but noted progress by citing figures saying support had doubled in three years from 17 to 36 percent, and was continuing to grow.

13. (U) Perhaps aware of his critics back home, Yushchenko heralded what he termed the "new culture of serious macroeconomic stability" in his country. He cited a list of positive developments, including high returns for foreign investors, healthy trade balances, balance of payments, GNP growth, new job creation, and WTO membership. However, in perhaps a thinly-veiled critique of his political rivals, he expressed dismay that his country is still suffering because of "socialist policies." He specifically commented that the food market needs to work more efficiently: currently strict restrictions on grain exports despite increasing grain production are preventing Ukrainian farmers from taking advantage of rising world grain prices and distorting markets at home. He also highlighted the need for stable energy supplies and policies in Europe. Several agreements appear to be in process with the EU, he noted that a long-planned Caspian pipeline from Baku, Azerbaijan through Ukraine to Europe may be in the offing, and thanked Canada for signing a nuclear energy agreement with Ukraine to develop nuclear energy supplies.

14. (U) Finally, linking Ukraine's political and economic aspirations, Yushchenko focused on the benefits his country expects to reap from hosting the 2012 UEFA soccer finals. He commented that Ukraine is the first Eastern European country to host the championship and said this would be another shortcut to his goal for Ukraine of EU integration and eventual membership. He said US\$25 billion of investment is needed to prepare his country's infrastructure for the event, including new hotels, new sports stadiums, and including US\$10 billion in road repairs and construction.

15. (SBU) COMMENT: As the beneficiary of several standing ovations and long, glowing introductions, it was obvious the president was in front of an admiring crowd. While some in the audience displayed an obvious interest in partnering with Yushchenko's westward-leaning Ukraine in investment opportunities and the president's speech appeared geared towards encouraging those aspirations, it was also apparent from the undertone of the president's remarks that his country's transformation remains a work in progress. Never far from his talking points was the fact that partnerships with governments of countries such as Canada and those in the EU will be critical to seeing him achieve what he presented as his ultimate goals of Western political, military, and economic integration. END COMMENT.

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